

**DEPARTMENT OF TRANSPORTATION**

DESIGN AND LOCAL PROGRAMS

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TO: Regional Transportation Planning Agencies
County Transportation Commissions
Cities, Counties, and Transit Agencies

Caltrans' final Procedures for Administering Local Grant Projects in the State Transportation Improvement Program (STIP) have been forwarded under separate cover. These procedures are to comply with changes to the programming and funding statutes brought about by Chapter 622 of the Statutes of 1997 (SB 45, Kopp) and replace the proposed procedures Caltrans issued for use on an interim basis on June 28, 1998.

The procedures have been reorganized and edited significantly in response to the comments and recommendations received while operating under the interim procedures. (See attached summary of major comments.) The procedures have also been modified to remain consistent with and complementary to the various guidelines and policies adopted by the California Transportation Commission, including the 1998 Interim STIP Guidelines (last revised on January 15, 1999), the Commission Guidelines for Allocation, Monitoring, and Auditing of Funds for Local Assistance Projects (January 14, 1999), Ten Reforms for Programming and Funding of Local System Rehabilitation Projects through the STIP Process (January 14, 1999), various Commission Resolutions, and the adoption of the 1998 STIP Augmentation.

We will incorporate these final procedures into our *Local Assistance Program Guidelines* and *Local Assistance Procedures Manual* as soon as possible. Subsequent revisions to procedures for administering local agency STIP projects will then be issued as Manual Change Transmittals. If you do not have these manuals, they are on our Local Programs Internet site at <http://www.dot.ca.gov/hq/LocalPrograms/>. Instructions for ordering the manuals, including updates are also available on the Local Programs web site.

Sincerely,

Original Signed by John P. Garlock for Robert L. Buckley

ROBERT L. BUCKLEY
Program Manager
Design and Local Programs

Attachment

"We'll Find a Way"

SUMMARY OF MAJOR COMMENTS/CHANGES
Procedures for Administering Local Grant Projects in the
State Transportation Improvement Program

Regional Transportation Planning Agency (RTPA) Concurrence One RTPA objected to, and several others questioned the interim procedure that allows the local project sponsor's request for allocation of funds to be forwarded to the Commission without RTPA concurrence. However, most agencies agreed that as long as requests for allocation of funds to a project are equal to, or less than the amount programmed in the STIP, formal concurrence from the RTPA should not be required. The final procedures have been revised to acknowledge that individual planning agencies may place this requirement on the project sponsors in their region if their governing board has passed a resolution to that effect. RTPA concurrence will also be required when local agencies request allocations in excess of programmed amounts or for allocations that involve changes in the project description.

Award Deadline A few agencies questioned the 12 month deadline for the award of a construction contract or capital purchase order after the funds are allocated. This is the same standard that is applied by the Commission to Caltrans projects. This is also consistent with adopted revisions to the *1998 STIP Interim Guidelines*.

Contract Claims A few agencies expressed concern that settlement of contract claims may take longer than the 180 days allowed from completion of contract to submittal of the final invoice by the local agency. As a result, the language has been modified to clarify that Caltrans may extend the 180 day deadline for submittal of the final invoice to accommodate the settlement of contract claims.

State-only Funding Many questions were received in regard to the process to receive State-only funding. Caltrans issued a Project Funding Policy memorandum on December 2, 1998. The Procedures have been revised based on the policy and the memorandum is attached to the Procedures. Included is an inventory of 1998 STIP projects that have been approved for State-only funding and procedures for requesting an exception to Federal funding.

In accordance with Commission policy, State-only funding will also be provided for all eligible storm damage repair and local road rehabilitation projects identified in the 1998 STIP Augmentation, regardless of cost. Any additional storm damage repair or local road rehabilitation projects that may later be amended into the 1998 STIP, will be provided with State-only funding, up to a statewide program level of \$300 million for local road rehabilitation. This is not a commitment that State-only funding will be available for these projects at the time of allocation. If funds are available when requested, Caltrans will approve the request without further Commission action. . If funds are not available, the agency requesting the funds will be contacted to provide information regarding the need for State-only funding

The Commission has not made a commitment for State-only funding for other projects requesting those funds in the 1998 STIP Augmentation. They have, however, indicated priority will be given for that funding at time of allocation if State-only funds are available. Project Sponsors must follow the request for Exceptions to Federal funding as outlined in the Caltrans' "Project Funding Policy."

Allocation of PS&E Components Several questions were received regarding allocation of funds for preparation of Plans, Specification and Estimate (PS&E) in advance of approval of the environmental document. As a result, language has been added to clarify that allocations for PS&E will be made only after documentation of environmental clearance under the California Environmental Quality Act (CEQA).

Delegated Allocation Authority The most frequent comment received was in regard to the need to, and in the amount of time it takes to process a request for commission allocations. In response, Caltrans proposed, and the Commission adopted five resolutions delegating to Caltrans limited authority to approve allocations for Planning, Programming and Monitoring (PPM) funds, project development components, RSTP/Match reserves, Rideshare projects, and for local storm damage and rehabilitation projects.

Shifting Cost Changes Between Project Components The interim procedures provided that project component cost changes not exceeding ± 20 percent of the component allocations may be shifted to other components of the same project as long as reimbursements do not exceed the total amount allocated for all components. Some planning agencies suggested the limit should be lower, and others thought it should be higher. To provide flexibility consistent with the procedures for Caltrans projects, the final procedures have been modified to clarify that the shifting of costs between the project development components is only limited by the total amount of both

SUMMARY OF MAJOR COMMENTS/CHANGES

April 1, 1999

allocations. Cost changes between project development, right of way, and construction will remain limited to within $\pm 20\%$ of the amount programmed for each component.

Regional Rideshare Projects A new section to cover procedures for Regional Rideshare (TDM) projects has also been added. Many expressed concern that some of the agencies that will be implementing these projects are small and need a continuous flow of funding to stay in business. New procedures for these projects were developed that provide funding effective with the start of the STIP period.

Combined Highway & Rail/Transit Procedures Attachments I and II of the proposed Procedures addressing highway and rail/transit projects have been integrated under the new heading "Capital Projects." Generally, the process is the same for both types of projects, but separate state statutes that address fixed guideway projects (SB 580) and commission resolutions require additional review and approval procedures for the rail/transit type of projects. These requirements are identified and where appropriate, separate sections covering the procedures that have been added. Procedures for transfers of federally funded transit projects to the Federal Transit Administration for administration have also been added.

TEA Restrictions on County Shares Many questions were received regarding the TEA restriction on county shares. With the exception of TEA projects grandfathered into the 1998 STIP from the 1996 STIP, the Commission does not intend to program TEA projects into the 1998 STIP. As a result, procedures for administering TEA restrictions on County Shares are no longer appropriate and this section has been eliminated.

Allocations that Exceed Programmed Amount To provide flexibility, language in the *1998 STIP Interim Guidelines* was revised so that the Commission will consider making an allocation which exceeds the amount programmed in the STIP if a region has adequate reserves in the STIP or if the Commission finds it can approve an advance to the county share from STIP reserves. These procedures have been changed to reflect this new language.

Eligibility of Local Road Rehabilitation Projects Commission guidelines have indicated Commission intent that local road projects be held to the same standard (5-year life) applied to the use of regionally-programmed Federal funds (RSTP), although most of the projects would be funded without Federal funds. To ensure that local road rehabilitation projects programmed in the 1998 STIP Augmentation meet these guidelines, procedures have been added for Regional Transportation Planning Agency certification of compliance prior to Caltrans processing of requests for funding allocations.

Storm Damage Repair Projects

Commission guidelines have also indicated that STIP funding is available to fund repair of storm damage on local streets and roads resulting from storms occurring in the winter of 1997/98. Repair of storm damage in declared disaster areas is eligible only to the extent that such damage can't be funded with Federal Emergency Relief (ER) funds or Federal Emergency Management (FEMA) funds. Caltrans will review eligibility of those projects as part of the allocation process. Eligible projects must be on an inventory, submitted to the commission, of remaining storm damage project to be funded.

Consultant Contract Preaward Audit Requirements Preaward audits are required for all engineering and design related service contracts (and subcontracts) more than \$75,000 financed with Federal-aid funds. The procedures clarify that this requirement applies to all local STIP projects, regardless of the type of funding.

Request for Funding Allocation Form and Checklist A "Request for Funding Allocation" form and checklist for highway projects has been developed to assist the local agency with determination of the following requirements:

- proper form to use,
- approval authority (Commission or Caltrans),
- projects approval of State-only funding,
- eligibility of storm damage repair and local road rehabilitation,
- required environmental documentation, and
- calculation of the estimated timely use of funds deadlines.